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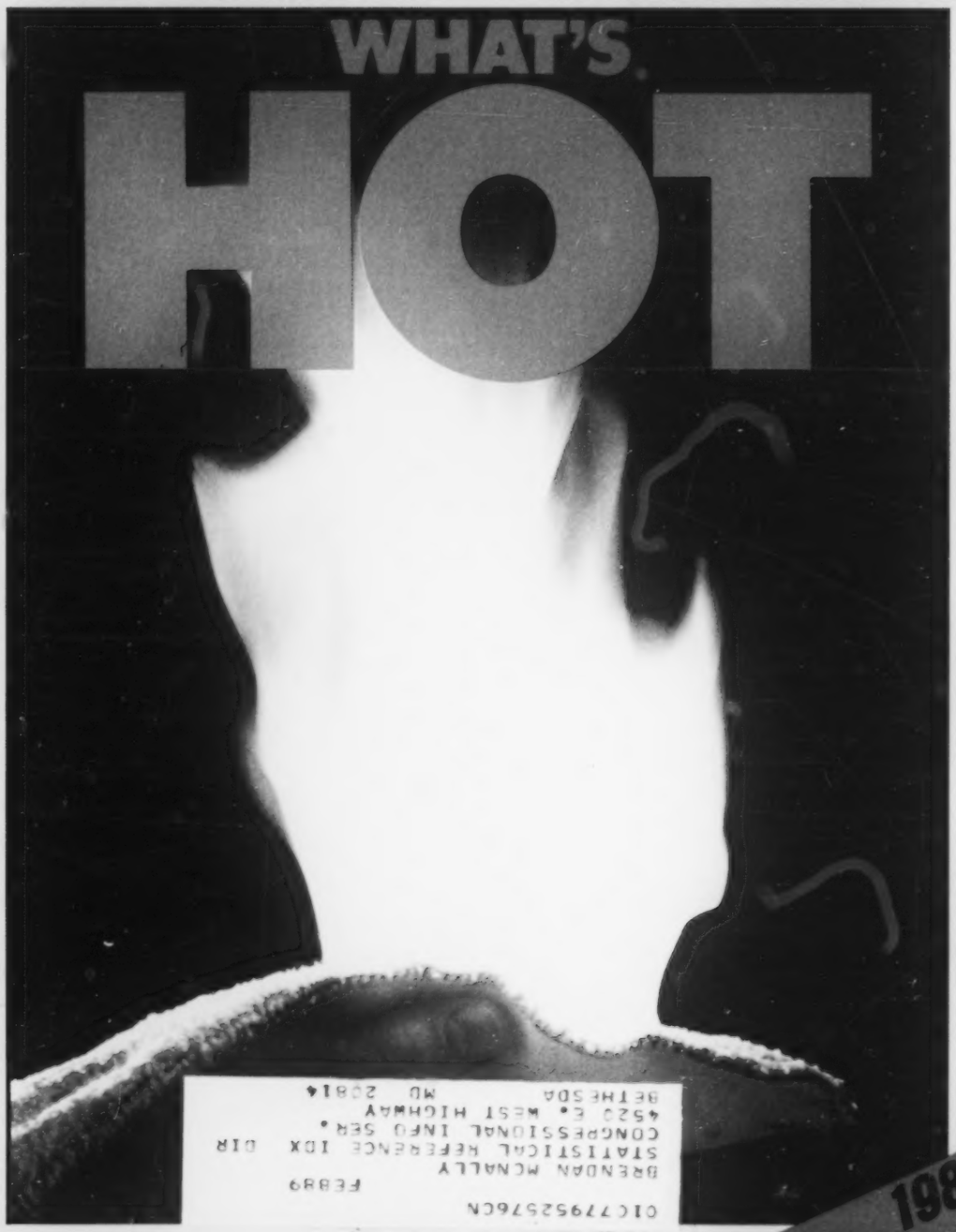
Chilton's

AUTOMOTIVE MARKETING

The Marketing/Business Magazine For The Retail Aftermarket

FEBRUARY 1988



The Spring/Summer Selling Season As The Retailers See It

Service Report:
Is It Time You Turned To Service?

Management 1988:
How Employee Turnover Works For And Against You

Market Line:
The Great Rebate Debate

1988 Spring/Summer Merchandise Ideabook

Chilton's
AUTOMOTIVE MARKETING

a Chilton publication

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Beating The Turnover Blues 39
There are immediate as well as indirect costs that make employee turnover much more than just a nuisance. Employee turnover costs money.

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PUBLISHER'S NOTES

REASON TO SMILE

Smile when you say "trucks!" And, these days, think about the accessories sales possibilities with all those new light truck and minivan buyers! According to our survey of automotive parts retailers, these accessories are the best potential for Spring/Summer sales. As one *AM* reader put it, "My best sellers will be anything for trucks, trucks, trucks!"

Check out editor Rosemarie Kilchin's story for more details, and for news of other "hot" items for the coming selling season.

Suppliers have interesting suggestions for merchandising some of the hottest Spring/Summer products in our *Merchandise Ideabook.*

Should retailers go into the service business? For those who may be thinking about it, contributing editor David A. Evans points out the fact that service is indeed a business different from automotive parts retailing. His thought-provoking questions on the subject will help retailers consider, or reconsider, their current business.

To rebate or not? There's a strong feeling out there about those mail-in coupons. Our Market Line story analyzes the issue.

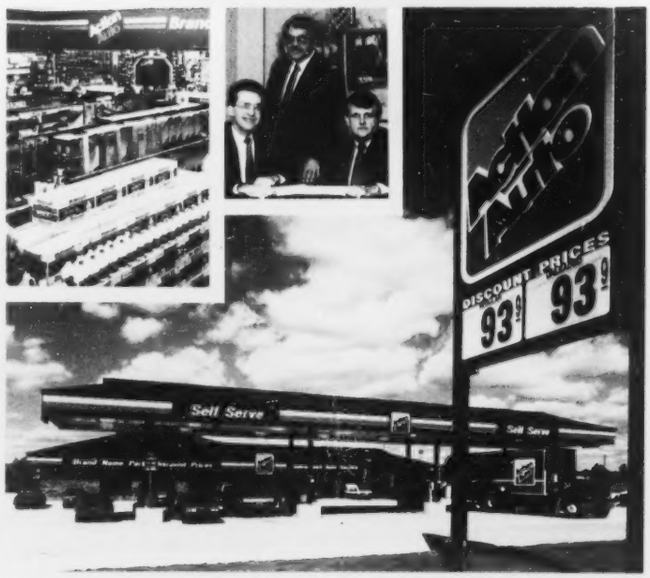
There's plenty more for your attention in this issue. Let us know how you enjoy it! ■

Sarah Frankson
Publisher

DETAILING THE MARKET

IN-STORE FOCUS

ACTION AUTO STORES, INC.
Headquarters: 2128 S. Dort Hwy., Flint, MI 48507
(313) 235-5600
Stores: 54
(includes one franchise)
Total Corp. Sales:
$85,000,000 (est.)
Average SKUs: 12,000
Founded: 1976



'We'd like to be the auto mall in the neighborhoods we serve," Dick Sabo, president of Action Auto Stores Inc., Flint, MI, said.

The neighborhood concept has been paramount in Action's rollout of stores during its 12 years in business. The chain works hard to select new business sites near existing stores, but it's careful not to let them be so close that they take business from each other.

Dick's brother Jim Sabo, the company's chairman, made the point that the Action operations have always been neighborhood auto malls.

The reason? Action Auto provides more than auto parts. In 51 of its 54 locations, customers can pump their own gas. in some of its locations, (soon to be all of the Action locations), consumers can have their vehicles serviced. In all of the locations, customers can buy parts and accessories for their cars, (and there's a wholesale telemarketing program from each location as well). And...

Action Auto customers at two locations can drive through a "touchless" car wash, new to the Action format. The car wash is an experiment aimed at developing additional revenue to level the company revenue curve from November to March when DIY parts sales plummet as Michigan winter temperatures make their annual descent.

Also in the works are plans to test discount warehouse-type auto parts stores which the Sabo brothers hope will attract the down-scale market, a prime market segment for DIYers in many Michigan communities served by Action.

A new warehouse, opened in mid-1987, took capacity from 25,000 sq. ft. to 131,000 sq. ft., enough to serve 150 Action Auto stores and facilities, almost triple the number now open. Under construction or on the drawing boards are another 11 stores.

Action stores are open seven days a week, and some locations do business around the clock. "We like people to know we're open whenever they need fuel, and want them to think of us as available when they need parts or service," Jim said.

The neighborhood concept was basic to the Sabo operation from the start, but consumer research confirms its validity. The Sabos know that 70% of their customers come from their homes to buy either fuel, parts, or service, and then go back home. That's why the locations near to home are so crucial.

That same research told Action's executives that people will travel further for service because "it's based on confidence in the business, while the fuel sales are based upon convenience, another reason for neighborhood locations."

Action likes to locate its stores in neighborhoods with 20,000 to 30,000 people within a three to five mile radius.

The three Sabo brothers (brother Bob runs the company's distribution side) kiddingly refer to themselves as the Pep Boys of the Midwest. They begin their work week on Monday mornings at 7 a.m., when the management team meets for several hours to review business from the previous week. "We're pretty hard on ourselves," Jim said, "but that meeting sets the tone for us and all the Action employees. It gets us focused on what needs to be done for the remainder of our week."

Last Spring, the Action brothers took their company public. The year before, they announced a franchise plan. So far the franchise opportunity is limited to the state of Michigan, and franchise location number two opens in suburban Detroit this spring.

"We are concerned about our ability to export our concept well," Jim said, "so we're developing the franchises selectively and slowly. We want to emphasize that while we work hard in selecting franchisees and sites, and provide extensive support during the startup, we're not artificially supporting our first franchise." That franchise more than met its initial sales target, topping projections by 25%.

DETAIL

51%

of drivers in states with mandatory seatbelt laws wear seatbelts while driving, compared to only 27% of drivers who wear seatbelts in the other states, according to the U.S. Department of Transportation.

PROFILE: DIYers WHO REPAIR OTHER PEOPLES' CARS

Drawing from the 1987 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who said they were responsible for maintaining a car that didn't belong to them.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+ 40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	85.7%	14.3%	21.0%	33.9%	22.8%	9.4%	13.4%	32.6%	21.4%	14.7%	16.5%	7.6%	52.7%	19.2%	18.8%

THE AUTOMOTIVE MARKETING INDEX

THE 1987/88 *AUTOMOTIVE MARKETING* MARKETBASKET

To determine the price movement, *Automotive Marketing* created a "marketbasket" of the best prices available for nine popular aftermarket products. We determine the best available price of each item in each marketing area each month to come up with an average marketbasket index.The products include a non-resistor spark plug; an oil filter; a can of 10W30 motor oil; a can of paste wax; an AM/FM/Cassette radio; a gas-charged shock absorber; a gallon of antifreeze/coolant; a pair of windshield wiper refills; and a 40-month-warranty battery. These products are usually on sale somewhere within each marketing area, which we define by their unique geographic, meteorological, and consumer characteristics.

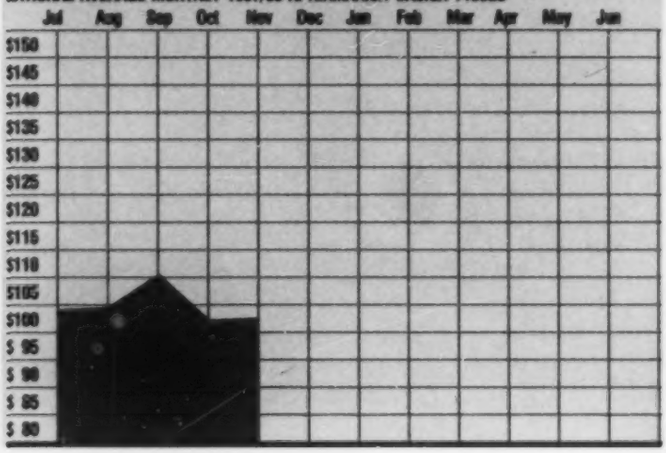
NOVEMBER 1987 NATIONAL AVERAGE MARKETBASKET PRICES

A non-resistor spark plug:	$ .72	A gas-charged shock:	$ 15.23
An oil filter:	2.02	One gallon of antifreeze:	3.15
A can of 10W30 oil:	.70	One pair of wiper refills:	2.03
A can of paste wax:	3.99	A 40-month battery:	28.71
An AM/FM/Cassette:	39.91	Total:	$ 96.49

NOVEMBER AM MARKETBASKET PRICES BY MARKETING AREA

		3. Smokestack East:	$ 98.18
		4. Old South:	84.83
		5. Caribbean South:	104.90
		6. Smokestack Central:	88.92
		7. Grainbelt Central:	97.52
		8. Spanish West:	78.62
1. Greenbelt East:	$ 99.94	9. Desert West:	96.94
2. Megapolis East:	112.68	10. Greenbelt West:	103.16

NATIONAL AVERAGE MONTHLY 1987/88 AFTERMARKET BASKET PRICES



AFTERMARKET BUSINESS INDICATORS

	Unit/Base	Mo/Qr	Current Period	Prior Period	Year Ago, Same Period	Low (84-87)	High (84-87)
Consumer Confidence	(85 = 100)	Nov	96.3	117.0	89.6	–	–
Prime Rate	%	Nov 30	8.75	8.75	7.50	–	–
Personal Income	Billion $	1987	3,737	3,534	3,534	1984 3,109	1987 3,373

1988 AFTERMARKET STOCK PRICES

The figures below are the high and low prices offered and paid for various aftermarket-related common stocks in various exchanges for the 52 week period prior to January 13.

	Exchange	52-week High	52-week Low	1/13 Quote	P-E Ratio
Armor All	OTC	27 1/4	10 3/4	16 1/2	19
AutoSpa	OTC	6 1/2	7/8	1 1/2	–
Champ Parts	OTC	12 3/8	4	7 1/8	24
Champ Spk Plg	NYSE	16 3/8	7 7/8	11	20
Crown Auto	OTC	4 3/8	2 7/8	3 1/8	–
Dana Corp.	NYSE	54 1/4	27 1/2	33 1/4	14
Duralcon	OTC	14	7 1/2	8 7/8	10
Echlin	NYSE	25 3/8	10 3/4	15 1/2	10
Facet	NYSE	23 1/8	10 1/2	19	19
Genuine Parts	NYSE	44 3/8	27 1/4	37	21
Grand Auto	AMEX	25 1/4	7 3/8	14 7/8	–
Modine	OTC	22 3/4	11 3/4	16 3/4	11
Mr. Gasket	OTC	7 3/4	5	6	300
Prlr Hanmfin	NYSE	49	24 1/2	34	18
Pennzoil	NYSE	95	38 1/2	66 3/4	51
Pep Boys	NYSE	18 7/8	9 1/2	13 3/8	22
Perry Drugs	NYSE	15 3/8	5 1/4	5 7/8	–
Quaker State	NYSE	31 3/4	12 7/8	15 3/4	–
Rite Aid	NYSE	46 1/4	28 1/2	32 3/4	16
Sealed Power	NYSE	39 5/8	21 3/4	31 1/2	11
Stan Mtr Prod	NYSE	25 3/8	11 1/8	14 1/2	11
Superior Ind	AMEX	19 3/8	9	10 1/4	7
TBC Corp.	OTC	13 3/4	3 3/4	10	10
TRW	NYSE	70	37	47 1/4	15
Tenneco	NYSE	62 1/2	36 1/8	41 7/8	–
Triad Systems	OTC	15 1/8	7 1/2	9	13
Western Auto	OTC	17	5 3/4	7	18
Wickes	OTC	21 1/2	7 1/4	9 3/4	–
Witco	NYSE	47 3/8	26 5/8	32 5/8	11
Wynns	NYSE	30 3/8	14 1/2	16 5/8	13

DOW JONES 65 COMPOSITE STOCKS

Dow Jones 65 composite stock and *AM's* 17 aftermarket stock price as of January 13.

AM 17 COMPOSITE AFTERMARKET STOCKS

PRODUCT OF THE MONTH: SPRAY PAINT

Drawing from the 1987 *Automotive Marketing Consumer Automotive Repair Study*, we look at the individuals who purchased and installed spray paint during a 12-month period.

			Age					Income				Hours Per Month Spent On DIY				Number Of Cars Responsible For		
Total	Male	Female	-25	25-34	35-44	45-54	55+	-$20K	$20-30K	$30-40K	40K	-1 hr	1-5 Hrs	6-10 Hrs	11+ Hrs	1	2	3 or More
100.0%	72.7%	27.3%	26.1%	19.9%	19.9%	18.0%	16.8%	21.1%	18.0%	11.8%	27.3%	13.7%	57.8%	10.6%	16.8%	28.6%	36.6%	35.4%

MARKET LINE

Rebates: Sellers And Suppliers Ask How Much Is Enough?

The rebate is becoming the 500-pound gorilla of the aftermarket: nobody really wants one around, but they're pretty hard to get rid of once they're in the door.

We asked a dozen suppliers if they wanted to eliminate rebates. Every one of them said yes. Then we asked how many had plans to eliminate rebates in the next year. Not a one of them stepped forward.

Ending rebates will take existential courage. "Whoever is the first to stop may lose his place on the shelf," Bob Cassidy, executive vice president First Brands, Danbury, CT, said.

"The problem is with the retailer. Say I want to get out. So our salesmen go out on calls. The first thing buyers ask: Does it have a rebate? No rebate; you don't make the list. Retailers want the lowest price possible. They love rebates because, with a rebate, they can show the lowest price in the ads. Since everybody rebates, they cancel each other out. We're not reaching any new consumers. All we're doing is rewarding our own customers. I don't think this debate is even important to the consumer; it's only an issue between vendors and retailers," Cassidy said.

The question is: do rebates work? Retailers look to the consumer. "I make my buying decisions based on the consumer. I don't give a damn what retailers and manufacturers want. As long as the customer is motivated to buy, I want rebates," Floyd Adelman, president of Crown Auto, Eden Prairie, MN, said.

At Royal Auto, Colmar, PA, director of marketing Chuck Rigby said that, in at least one key category, rebates do have an impact. "Consumers are ad conscious. Customers still wait for ads. Oil is always on special somewhere. Customers wait for the ad and check the price point. The oil industry is rebate crazy. It's been that way for two years now. Where does it stop? I don't know. Maybe they'll just run out of steam. This year, we've seen a big increase in value of the rebates. Last year, about $3 a case was standard. A couple then tweaked it up to $5, and the product picked up. Where did the sales come from? Are they new customers or old customers? I know oil sales are up. But my weakest oil seller also has the weakest rebate. Maybe it's only a coincidence. But another supplier came in with a $6 rebate and we blew the stuff out the door. We bought it up, and it did the job. It was a high impact draw," Rigby said.

Most retailers feel rebates do their job. Rebates get customers in the door and exposed to higher margin products.

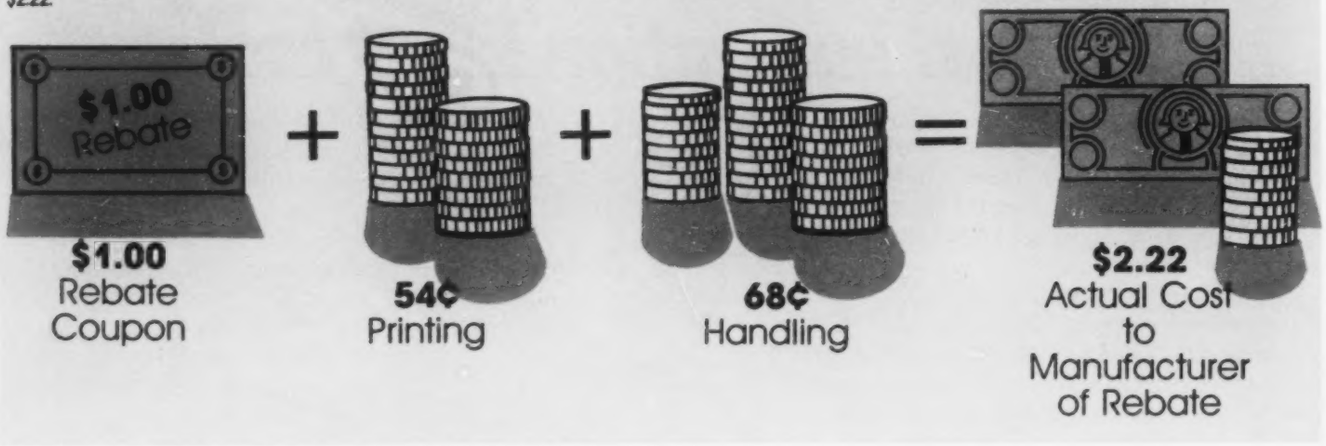
On the supplier side, although rebates have not been responsible for major market shifts, even a 1-2% gain in market share can mean the difference between a highly profitable year and a marginal year. In addition, some companies use rebates to buy their way into the market.

The original idea of rebating was to make the consumer switch brands. But now rebates are so common, consumers expect them. The rebate craze means that a supplier, no matter how large, simply cannot afford to stop.

As a major chemical supplier explained, "We ran a $2 rebate against our

THE REAL COST OF REBATES

The costs of rebates to manufacturers go far beyond the dollar value printed on refund coupons. The value of a $1 refund coupon is only 44% of a manufacturer's total costs. In addition, there is the cost of printing and paper, about 54-cents or 25% of a manufacturer's total costs; and the cost of handling to process returns, about 68-cents or 31% of a manufacturer's total costs. The total cost to a manufacturer of a $1 rebate coupon is about $2.22.



Source: *Automotive Marketing* estimates based on information from First Brands Corp.

competitor's $3 rebate. Plus, our regular price is higher to begin with. That puts us at a competitive disadvantage. You'd think we would have been killed. But, we weren't. But, we're pouring big money into the brand between advertising and redemptions. Sure, we'd like to stop rebating. They work, but they certainly work at a far less effective rate than they used to. At first, rebates worked like gangbusters. Now there're too many to be effective. Will we stop? It's not a failure of nerve. You have to remember the brand is a huge franchise. It pays a handsome premium. It's a very valuable piece of our portfolio. We just can't afford the risk of doing away with the rebate."

Andy Maurey, manager branded lubricants, at Kendall Refining Co., a division of Witco Chemical, Bradford, PA, stated the supplier's dilemma, "Everybody wishes they had an idea of how to do away with rebates. We've tried other things. But the bottom line is: the consumer likes money. If I could find a workable substitute, I'd be worth a lot of money to some company. It's costly for the manufacturer. But we can't find our way out."

Suppliers are concerned the rebate craze will force companies to up the ante, and rebates to spiral higher. And, the higher the rebate, the higher the redemption rate. As a supplier joked, "We'd like to see a 1% or less redemption rate." But, redemption rates run about 6-7%.

However, the cost of rebate promotions runs about twice the redemption value if fulfillment houses to handle the coupons, printing, and deliveries. And on-pack coupons lead to higher redemption rates since consumers don't have to hunt for coupons. But the on-pack coupons do lower retailer aggravation somewhat since there's less handling.

Retailers accuse suppliers of limiting the number of coupons to lower redemption rates. Suppliers say this is just not true. However, suppliers praise mass merchants who put up racks of rebate coupons. Why? Because the racks are often not near the product. "The customers have to know where the rack is, and "they have to paw around and find the right rebate. That lowers the return somewhat."

On the other hand, suppliers claim auto chain clerks push rebates on customers. "Hell, they come close to giving them stamped envelopes," one supplier said. "You take a 50-cent rebate on a $1.49 product. How many consumers are going to go to the trouble of putting a stamp on the proof of purchase? It's really not much of a turn-on for the customer; it's a turn-on for the buyer who can list the product at 99-cents in his ad."

A higher-than-average redemption rate can spell disaster as one chemical supplier found out. The rebate was $8 on a combination pack of goods. And, as the supplier woefully admitted, "The promotion had a higher than forecast redemption rate."

However, there were reasons. "We sold way more combination packs than forecast; more combinations than open stock. But we had very specific performance requirements – only one week. But some retailers ran the ad two or three times. Some ran it for a month. We were just astounded by the number of ads that did not comply. What could we do? We had to honor all the redemptions. You can't penalize consumers because the retailer doesn't comply. On the positive side, we got a heck of a lot of product out. We got some trials on other products in the line. But we have no plans to try it again."

For retailers, rebates are a pain. As Rigby said, "Consumers hate them. They

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want the money right now. They don't want to have to mail it off. And, there're so many. We have to have rebate boards. Hell, you have to do something for the customer. Then, you run out of coupons. And, who takes the heat? The store, not the supplier."

Some mass merchants intend to get out of the rebate game. One chain's executive explained, "The bottom line is, it's too costly for us. Say we have an item on rebate and the rebate station up front is out. So we have to use a clerk to write-up a special form we've developed to satisfy the customer. You have to satisfy your customer. So there's money we've spent to develop a form, and the waste of a clerk's time. Probably close to half an hour. You multiply that by the number of stores and the number of times this happens and it costs us millions in lost work hours. Then too, we operate a rebate clearing house to collect all the coupons and make sure every store has coupons. We can't expect companies to drop-ship rebate coupons to all our stores. Then I get complaint letters on rebates and I have to answer them.

"The bottom line is, we've spent money to get rebating to work. We've done all this and it's still not working. And, in the end, who is the customer mad at? Us, not the supplier. We have to be more efficient. We need maximum productivity from our people. We want to satisfy our customers. But we don't need extra problems. We can be doing something else."

The executive said his chain doesn't expect rebates to "grind to a halt," but to slowly fade. For example, he expects rebates to remain in oil just because it's such a huge item. "The oil category is just too competitive. You can buy it almost anywhere. Say our daily price is 97-cents and the rebated price is 30-cents. We can't afford that price difference. We need the edge in that field.

"But generally," he concluded, "we say, Mr. Manufacturer, give us a better price. You want a good promotion, offer the product to us for less so we can pass the savings on to our customers."

The mass merchants say they obviously can't force suppliers to end rebates, but they simply don't plan to advertise them. "The customer will just get a pleasant surprise when he comes in the stores. He can take advantage of it."

So what will suppliers do when some buyers look for the rebate to promote in an ad, and some buyers use the rebate but won't advertise it? One supplier simply said, "Damned if I know. I'll be dammed if I do, and damned if I don't."

Suppliers also said retailers can't expect to see all the money now used on rebates to come off the cost of goods if rebates end. One said, "Here's a headline: We're not doing anything for the consumer with our rebates. It's actually just a trade-vendor deal. If we stopped rebating, could we take the price off equal to the rebate cost? Sure, we'll return some of it to the bottom line. But not all of it. The trade would only give it away or pocket the money. A better use is to plow those funds into national advertising and research and development. We've all been tilling the farm and just adding a little fertilizer to it. We've been working the soil without adding anything to it. And one year, there's going to be a short crop."

In less metaphoric terms, First Brand's Cassidy said, "All consumers must be educated to consider purchasing products based on benefits and value rather than cost alone. How do we do this? The answer is to develop programs that focus on the quality of the product and give the consumer better value." ■

Customers React Very Positively

If you're looking for a name that outshines Bosch in the automotive aftermarket, you might as well turn out the lights and go home. Because there isn't one.

As one of the world's most respected automotive component manufacturers, Bosch has built an unmatched reputation by building only the best products. Which, of course, includes the line of halogen fog and driving lights shown here.

You see, whether your customers drive foreign or domestic vehicles, they'll appreciate the quality, ease of installation and ease of adjustment that

© 1988 Robert Bosch Corporation, Sales Group

its and owned real estate making it fly. Trak's trying to move into new markets and is giving away price to get exposure. Crown is implementing a major change in organization. Grand is just getting back on its feet. Western Auto is still paying off its corporate debt. And, you certainly can't compare the auto chains to Genuine. There's no question the aftermarket is over-stored and there's no question we all have to operate better. Then there's the graying population, more female shoppers, the question of price versus time. In the long run, maybe we all ought to start selling ice cream."

One executive at a mass merchandiser commented on Allessio's thoughts, "People like Perry Drug were accustomed to slim margins. They saw the gross margins available in automotive and got drunk on the anticipation of what they can do. You have to massage your mix regularly. The aftermarket is over-stored in auto chains. You drive down the street in most big cities and see three or four chains in a few blocks. There are some Ma & Pa stores scattered out there. And the mass merchants. It's a tough world out there. Some people have been running auto stores with a convenience store mentality."

A third executive said you can just rule out commodities as a profit-maker, so the chain has only three ways to make money. First, as many have, the chain can emphasize hard parts. But there's good competition from jobbers, less possibility of price cutting, and the need of closely managed inventories. Secondly, there are accessory sales, but the chain must compete here against the K marts, Wal-Marts and Targets of the world, with their volume buying. And third, there are service sales, which require entirely different management skills, and have tough competition from service operators.

"That's one reason Pep Boys does so well, they have the best of three worlds." He suspects other chains are going to have to do a bit of repositioning and decide which area or areas they want to compete in. And then do it.

It may sound simple to say the future belongs to the people who can out-perform the competition, that is the future. Allessio noted that "a rising tide lifts all boats, but when the tide goes out, you'd better be able to row to stay afloat." ■

OIL MARKET

Are Oil Sales Off? It's Too Soon To Tell

While motor oil is not the most profitable item in the auto store (we know one retailer who swears he made only $400 profit selling 200 truckloads one year), it is far and away the auto store's best draw. Case sale promotions, especially with rebates that drive the price down to 29- and 39-cents a quart with rebate, are always door-busters.

But, with the increasing number of oil changes done at quick lubes, we wondered how oil sales were doing in the stores.

Outside of proprietary figures from chains, the only hard numbers in the industry are provided by the National Petroleum Refiners Association, Washington, DC. The association annually reports total gallon sales.

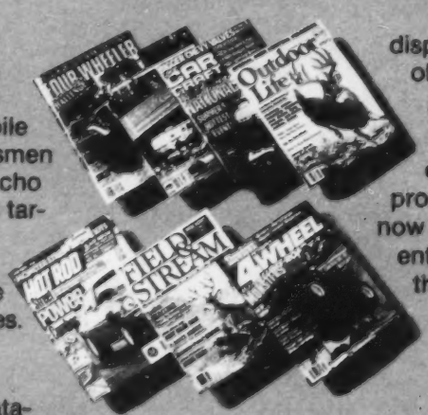
Suppliers expect a continued flat market. The oil suppliers we spoke with (including every major retail oil supplier) predicted annual growth of only 1-2%, about 7-14 million gallons. Indeed, several suppliers expected less.

Performance Shock Absorbers and Accessories For Sport/Utility Vehicles & Trucks

There are good reasons why our performance suspension line will get noticed.

Concentrated Advertising

Our extensive advertising program is designed to cover a broad range of audiences. Both automobile enthusiasts and recreational/sportsmen will be reached. They'll notice Rancho Suspension like never before. This targeted ad campaign represents our shock absorbers and steering stabilizers as well as our entire line of complete systems and accessories.



Great Merchandising Materials

Call for our Merchandising Catalog to learn about the large selection of in-store promo materials we offer. Buyer's guides, colorful posters and packaging, hands-on displays and many other sales aids can be obtained directly from us at low cost.

Catalogs and Videos

Our dealer catalogs are updated every 6 months and are full of new product listings and info. The 6 videos we now offer are both informative and entertaining. Professionally produced, they're suited for in-store attention-getting as well as broadcasting on cable.

Extensive Product Line

With the unprecedented increase in 2WD and 4WD light truck and sport/utility sales, we stand ready to offer the top-selling performance suspension line for these vehicles.

For technical assistance or promotional ideas, call 1(800)421-7555 (Outside CA)

P.O. Box 5429, 6925 Atlantic Ave., Long Beach, CA 90805 213/630-0700

RANCHO SUSPENSION.

(Circle 21 on Product Information Card)

One thing that may change the oil market, however, is the growth of the fast lubes. If so, the DIY share which now runs around 60-65% of the market may drop while installed sales increase. However, our latest *Consumer Automotive Repair Study (CARS)*, to be published next month, shows no indication of this. Some 75% of the DIYers surveyed purchased and installed oil in 1987. In previous years, the rate was as low as 72% and as high as 84%.

Are DIYers going to fast lubes? Chain store retailers say no. Most retailers told us they were not experiencing decreasing oil sales. Retailers and suppliers both noted that gallonage figures can be footballed around quite a bit because of the emphasis on case sales with rebates. A DIYer, driving a car with a small engine, who buys a single case can be out of the market for three oil changes. If there's a large rebate, and he buys two cases, he can be out of the market for almost two years.

OIL SALES

Here are the total gallons of oil sold at the supplier level for retail sales. Although the 1987 numbers will not be available until March, from these numbers we can see that motor oil sales have had at least two drops at the retail level in the 1980s.

1986	665 Million Gallons
1985	610 Million Gallons
1984	654 Million Gallons
1983	610 Million Gallons
1982	554 Million Gallons
1981	536 Million Gallons
1980	549 Million Gallons

Source: National Petroleum Refiners Association

However, the mass merchants account for almost half the DIY sales. We spoke with one who did believe gallonage was down slightly. "If so, there's no question, you can attribute it to the quick lubes. Baby boomers only do work out out of necessity, and women love the quick lubes. What other reasons can there be? Miles driven are up. There're hardly any 5-6 quart engines left on the road."

We asked the executive: if oil sales fall off, what will be the effect on retailers? "I don't think it will erode our customer count substantially," he said. "So, my effect is good. If, that is, we can offset the lost sales with other merchandise. It may even make oil less competitive, so we might even make money on oil again. At the volumes I can buy at, I'm not overly concerned about losing a few percentage points."

The effect of quick lubes on retail sales is a subject we'll continue to watch. ■

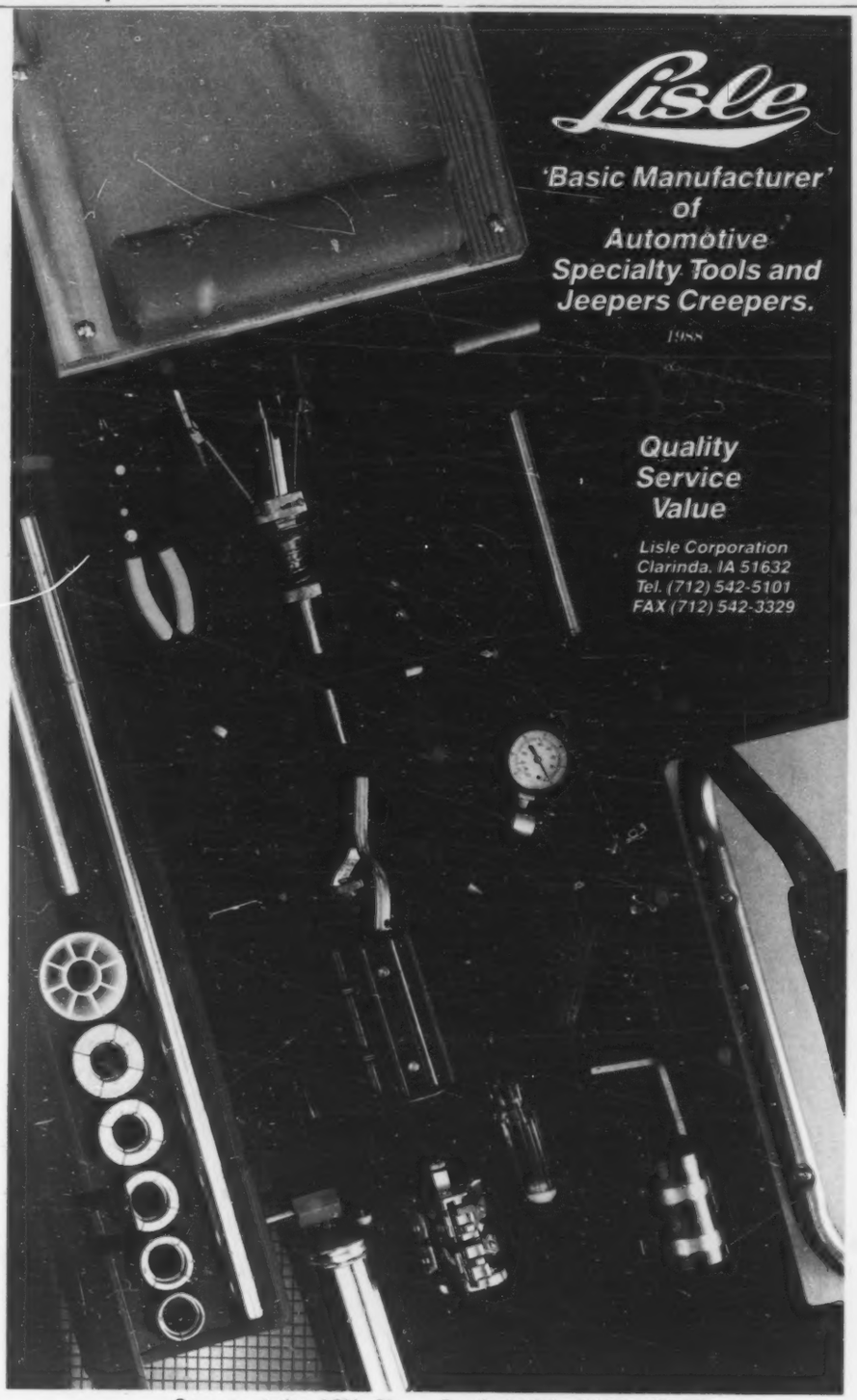
MANUFACTURER

Tenneco Announces 6th Record Year

Despite competing in mature, declining markets with its two primary product lines, ride control and exhaust parts, Tenneco Automotive, Lincolnshire, IL, officials announced that the company enjoyed its sixth consecutive year of record sales and profits. The announcement came at its annual end-of-the-calendar-year press conference in Chicago.

Both Walker exhaust and Monroe ride control products increased market shares, said new Tenneco Automotive president and CEO J.P. (Jack) Reilly.

Reilly said Walker's increase came from catalytic convertor sales, a 3% growth in market share within the traditional distribution channel and a 2% boost within the retail channel.



See us at the ASIA Show, Booth #2728, #2729, #2730

(Circle 23 on Product Information Card)